

## Message Text

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ACTION ARA-14

INFO OCT-01 ISO-00 SS-15 SSO-00 PM-05 SP-02 L-03

INR-07 INRE-00 H-01 /048 W

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FM AMEMBASSY BRIDGETOWN

TO SECSTATE WASHDC IMMEDIATE 4112

C O N F I D E N T I A L BRIDGETOWN 2889

FROM ASSISTANT SECRETARY TODMAN

E.O. 11652: GDS

TAGS: MARR, BB, US

SUBJ: BARBADOS: NAVAL FACILITY (NAVFAC) NEGOTIATIONS

1. DURING THE BARBADOS VISIT I HAD A LENGTHY DISCUSSION WITH FORNMIN FORDE, AMBASSADOR JACKMAN AND OTHERS ON THE FUTURE OF THE BARBADOS NAVFAC AND THE CURRENT STATUS OF OUR NEGOTIATIONS ON RENEWAL OF THE AGREEMENT. FORDE DELAYED RAISING THIS SUBJECT UNTIL LATE FRIDAY EVENING AFTER WE HAD HAD LENGTHY DISCUSSIONS DURING THE DAY ON THE PROSPECT FOR MULTI-LATERAL AND BI-LATERAL ASSISTANCE TO BARBADOS. HIS PURPOSE WAS OBVIOUSLY TO GET SOME FEEL ABOUT FUTURE ASSISTANCE PROSPECTS BEFORE TALKING DOLLARS ON THE BASE. THE GOB PERSISTS IN REGARDING COMPENSATION FOR THE BASE AS A FORM OF ASSISTANCE TO BE SEEN AS A PART OF TOTAL AID FLOWS ALTHOUGH WE HAVE REPEATEDLY TOLD THEM THERE CAN BE NO LINK BETWEEN THE BASE AGREEMENT AND EITHER ECONOMIC OR SECURITY ASSISTANCE.

2. IN OUR DISCUSSION OF NAVFAC ISSUES FORDE INDICATED THAT HIS GOVERNMENT HAD MADE A BASIC DECISION THAT IT WISHED THE FACILITY TO REMAIN PROVIDED COMPENSATION WAS ADEQUATE, EVEN THOUGH THE WISDOM OF SMALL COUNTRIES  
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PLAYING HOST TO GREAT POWER MILITARY FACILITIES WAS OPEN TO QUESTION IN THESE DAYS. HOWEVER, HE EMPHASIZED THAT OUR \$750,000 ANNUAL RENTAL OFFER WAS SIMPLY NOT ADEQUATE. ALTHOUGH I REPEATEDLY UNDERScored THE FACT THAT OUR OFFER WAS BASED ON THE MARGINAL VALUE OF THE FACILITY RELATIVE TO OTHER WAYS OF DOING THE SAM JOB, FORDE PERSISTED IN SEEING IT AS A DECISION WHICH

SHOULD BE GUIDED AT LEAST IN PART BY POLITICAL CONSIDERATIONS. HE REALIZED THAT OUR MAIN INTEREST WAS DOING THE JOB IN THE MOST EFFICIENT WAY POSSIBLE, BUT HE FELT SOMETHING SHOULD BE ADDED TO THE BASIC VALUE FIGURE TO ACCOUNT FOR THE SECURITY, CONVENIENCE, AND FREEDOM FROM HARASSMENT OR OTHER DIFFICULTIES RESULTING FROM THE LOCATION OF THE FACILITY IN BARBADOS. ALTHOUGH FORDE DID NOT STATE AN ALTERNATIVE FIGURE HIS GOVERNMENT MIGHT ACCEPT, HE DID INDICATE INDIRECTLY THAT \$1 MILLION ANNUAL RENTAL WOULD PROBABLY DO THE TRICK; PAYING AN ADDITIONAL \$250,000 WOULD MEAN LITTLE TO U.S. BUT A GREAT DEAL TO BARBADOS.

3. I EMPHASIZED STRONGLY THAT OUR DECISION WAS NOT A POLITICAL ONE, THAT THE DEFENSE DEPARTMENT HAD TO JUSTIFY ITS EXPENDITURES TO THE CONGRESS, AND THAT IT WOULD HAVE A HARD TIME JUSTIFYING EXPENDITURES IN BARBADOS HIGHER THAN ALTERNATIVE MEANS OF DOING THE SAME JOB. FORDE THEN POINTED OUT THAT UNDER THE AGREEMENT THE BASE AND ITS PERSONNEL WERE EXEMPT FROM CUSTOMS DUTIES AND NUMEROUS TAXES, INCLUDING AN INCOME TAX AND THAT THE AMOUNT OF ANNUAL RENTAL SHOULD REFLECT THIS LOSS OF REVENUE TO THE GOVT. I TOLD HIM THERE WAS NO PRECEDENT FOR U.S. MILITARY PERSONNEL PAYING LOCAL TAXES ABROAD OR FOR COMPENSATING GOVERNMENTS BECAUSE THEY GRANTED EXEMPTIONS TO U.S. MILITARY PERSONNEL FROM TAXATION

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OR CUSTOMS DUTIES. HOWEVER, I PROMISED TO DO A CALCULATION ON WHAT SUMS THESE CONCESSIONS MIGHT REPRESENT ANNUALLY. (THIS IS CURRENTLY BEING DONE BY EMBASSY AND NAVFAC PERSONNEL.) I ALSO PROMISED THAT I WOULD SEE IF THERE WERE ANY OTHER WAY THE POT COULD BE SWEETENED IN ORDER TO MAKE AN EARLY AGREEMENT POSSIBLE. HOWEVER, I LEFT NO DOUBT THAT OUR BASIC \$750,000 OFFER STOOD.

4. AS A RESULT OF THESE DISCUSSIONS FORDE SAID THAT THE GOB WAS WILLING TO GRANT PERMISSION FOR THE NAVFAC TO OPERATE FOR AN ADDITIONAL YEAR WHILE SOLUTIONS TO INDIVIDUAL PROBLEMS WERE BEING WORKED OUT. HE PROMISED TO PUT THIS IN WRITING NEXT WEEK.

5. WE AGREED IN PRINCIPLE THAT THE USG OWED THE GOB FOR OPERATING AND MAINTENANCE (O AND M) COSTS AT THE AIRPORT UNDER THE TERMS OF THE AGREEMENT, BUT NO FIGURES WERE MENTIONED. CURIOUSLY, THE QUESTION OF COMPENSATION FOR USE AND MAINTENANCE OF ROADS WAS NOT EVEN MENTIONED DURING THESE DISCUSSIONS, WHICH WERE AMICABLE THROUGHOUT IN CONTRAST TO SOME EARLIER

EXCHANGES.

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